

18. Operator service calls are fundamentally different than a direct dialed or 1+ (one plus) telephone call. When an end user places a 1+ telephone call, at the time the call is placed, the end point can be determined. The end user customer has addressed such a call in a manner in which both the originating and terminating end points can be established at the time the call is placed. In contrast, by definition, an operator service call requires intervention before the end point is known. Sprint's proposal to route local calls over access facilities recognizes the reality of combining traffic regardless of jurisdiction. Verizon, however, has refused to acknowledge that the nature of 00- calls is non-jurisdictional until after the Verizon network hands off the call to Sprint. Verizon's position creates a barrier to parity and the provision of enhanced services to Pennsylvania's consumers.

19. Sprint's operator services platform is not different from an ILECs' operator services platform. Generally, the operator service platform of an ILEC and Verizon is probably not even be in the same local calling area as the end user. Thus, although the two platforms are analogous, Verizon would characterize its operator services calls as always local/intraLATA while Sprint's operator service calls are always characterized as access traffic. As calls to both operator platforms may be outside the local calling area, it is discriminatory for Verizon to consider its calls as "local/intraLATA" because it is an ILEC and Sprint's calls as "access" simply because it has been only an interexchange carrier.

20. Sprint desires to gain network efficiency by using its existing access trunking with Verizon in selected locations. Where Sprint has existing trunking to

a Verizon office, adding local traffic to the trunk group offers use of its capacity at an incremental cost. Sprint has every intention of establishing direct trunk groups wherever volumes warrant, but forcing Sprint into establishing a new and inefficient overlay network for local traffic penalizes both Sprint, as a new entrant, and the consumer.

21. For example, its access network provides Sprint with efficiencies by using its own DMS-250 (or other) switches as a tandem switch where the incumbent does not provide tandem connectivity for local traffic.

22. Sprint desires to interconnect its network for the purpose of providing local calls, at the same points that it currently connects its long distance network with Verizon. Rather than permitting Sprint to do so, Sprint is being forced to build a separate, needless, overlay network of local trunks to carry exclusively local traffic. Such a duplicate network is unnecessary because Sprint already has a network in place with excess capacity to route and complete calls.

Resale Of Stand-Alone Custom Calling Services

23. Custom Calling Services, also referred to as Vertical Features, are optional services that an end user may purchase which enhance the functionality of the local service. Custom Calling Services are retail services that are priced and purchased separately from the basic local service and are not necessary for the basic local service to function properly. Some examples of Custom Calling Services offered by Verizon are Call Forwarding – Busy Line and Call Forwarding – Don't Answer. These call forwarding services allow a customer to automatically forward telephone calls to another location, such as a voice mailbox or another telephone number designated by the customer. These services are helpful and useful when the customer's primary telephone number is busy or where there is no answer at the primary telephone number.

24. Sprint would like to make these types of services available to its end users, either on a resale basis, or when requested as a "stand-alone" or separate service without having them bundled with the local loop. Verizon should not be able to impose unreasonable restrictions that impede Sprint's ability to offer these services in the manner in which its customers request. Imposing unreasonable or discriminatory conditions on the resale of products formerly offered only by incumbent local exchange carriers ("ILECs") could destroy any chance of competition emerging in the local exchange markets.

25. Sprint is attempting to offer customers new and innovative services that require the use of these vertical features. These vertical features are building blocks to a Sprint service offering. Without these vertical features, Sprint cannot

offer such services as call forwarding to the customer's wireless phone or Internet call forwarding. Consumers are therefore denied a competitive alternative to Verizon's incumbent service.

26. Sprint believes Custom Calling Services are appropriately characterized as a "telecommunications service(s)" under Section 251(c) of the Act.

27. Federal regulations require Verizon to offer custom calling services individually for resale. Under Section 251(c) of the Act, Verizon, as an ILEC, must "Offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers" (emphasis added). Sprint believes that Custom Calling Services are optional telecommunication services that simply provide additional functionality to basic telecommunications services. Verizon seems to agree. In its tariff, Verizon refers to Custom Calling Services as "optional" services. Neither Congress nor the FCC made a distinction between "basic" and "optional" telecommunications services when promulgating the resale requirement. In fact, the FCC, in ¶ 871 of the First Report and Order in CC Docket 96-98 (issued August 8, 1996) ("Local Competition Order"), noted that they found "no statutory basis for limiting the resale duty to basic telephone services". Therefore, Sprint believes that Verizon is under no less of an obligation to offer for resale "optional" Custom Calling Services as it is to offer for resale "basic" local telephone service.

28. Verizon seeks to restrict Sprint from purchasing Custom Calling Services except where Sprint also purchases the underlying basic local service. This restriction is based primarily on a tariff provision (Verizon's Local General Tariff,

Section 30E-1) which states that Custom Calling Services "are available to individual line customers". In other words, the purchase of any Custom Calling Service, in Verizon's opinion is dependent upon, or shackled to, the purchase of local dial tone. Verizon seeks to place upon Sprint this same limitation, which is intended for subscribers who are not telecommunications carriers.

29. My understanding is that Verizon contends that it is only obligated to permit the resale of its retail services on the same basis that it offers them to its CLEC customers in their Resale tariff. According to Verizon, Call Forwarding/Busy/No Answer are not available at resale without the local loop, and therefore are not available for resale on a stand-alone basis with or without a wholesale discount. That is, Verizon does not believe that it must separate out services or features, including vertical features, that it offers as an integrated service. Therefore, as I understand it, Verizon does not intend to make such services available on a stand-alone basis, and then not at a wholesale discount or with electronic ordering systems and processes.

30. The tariff restriction that applies to end users should not be applied to Sprint. The FCC, in its Local Competition Order, ¶ 939, found unequivocally not only that "resale restrictions are presumptively unreasonable", but also that "[i]ncumbent LECs can rebut this presumption [only] if the restrictions are narrowly tailored." The FCC explained that the presumption exists because the ability of ILECs to impose resale restrictions and limitations is likely to be evidence of market power, and may reflect an attempt by ILECs to "preserve their market position." In this case, Verizon's attempt to "tie" provision of local

dial tone and Custom Calling Services by the same carrier evidences not just Verizon's market power in Pennsylvania, but represents a clear attempt to preserve its dominant market position in the burgeoning sub-market for Custom Calling Services.

31. There appears to be no technical reason that would prevent Verizon from offering Custom Calling Services to Sprint on a stand-alone basis. These features are currently marketed to end-users separately from local dial-tone, carry an additional charge, and are subject to a service order charge. Sprint does not deny that some form of dial tone is needed to make Custom Calling Services work. However, there is no reason that the same carrier must be the provider of both dial tone and Custom Calling Services when they are sold today separately and are two separate services.

32. Sprint seeks to resell Custom Calling Services to end-users who may not subscribe to Sprint as their local provider. Many products and services have been developed, are under development; or have not yet even been conceived which require a Custom Calling Service as a component for the product or service to work optimally. An example of just such a product is unified voice messaging which allows a customer to maintain one voice mailbox for all of their voice messages. For this to work properly, the customer must have Call Forwarding – Busy Line and Call Forwarding – Don't Answer. This is just one example of a service that could be deployed using a stand-alone Custom Calling Service as a component. Many more creative applications will likely be developed if Sprint is permitted to resell stand-alone Custom Calling Services.

33. The customer could purchase these services directly from Verizon, however, in doing so, Sprint's stature as a full-service carrier is diminished as compared to Verizon. In addition, one of the major attractions in any product, and especially one as complicated as telecommunications can be, is the ease of obtaining and using the product. Certainly, Sprint would face a significant obstacle to market a product for which the customer was required to purchase additional components for and assemble himself or herself. This is an obstacle that Verizon does not have to face.

34. It is possible that Sprint could purchase Custom Calling Services from Verizon on a retail basis, but this would be less than optimal for three reasons. First, Sprint would be forced to pay retail, rather than wholesale, rates. Sprint, as a telecommunications carrier, is entitled to purchase from Verizon at wholesale prices those telecommunications services that Verizon sells at retail to end-users. When Custom Calling Features are purchased for resale together with Verizon dial-tone they are subject to this discount. There is no rational economic reason not to apply the wholesale discount when purchased on a stand-alone basis. Additionally, Sprint would be penalized by paying Custom Calling Service prices that have historically been inflated to subsidize basic service rates. Second, Sprint would be forced to deal with Verizon as an end-user customer rather than as an interconnecting carrier, as Congress and the FCC intended. This might entail submitting orders over the phone or via fax rather than electronically as an interconnecting carrier would. This could also result in delayed orders, needless expense and would inhibit Sprint from acting as a peer

and competitor to Verizon. Third, if Sprint is treated as an end-user when ordering Custom Calling Services from Verizon, Sprint could expect to receive and manage hundreds, if not thousands, of paper bills in much the same format Verizon utilizes for its own end-users, rather than a mechanized billing system it utilizes when billing carriers with whom it has a wholesale relationship. This clearly is discriminatory, and would prevent Sprint from acting as a true competitor to Verizon.

35. Sprint requests that the Commission direct Verizon to make stand-alone Custom Calling Services available to Sprint in a reasonable and non-discriminatory manner.

I verify and aver that the foregoing is true and correct to the best of my knowledge, information and belief, subject to the penalties of 18 Pa. C.S. § 4904.

/s/Gerald F. Flurer
Gerald F. Flurer

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

CONSULTATIVE REPORT ON	:	
APPLICATION OF VERIZON	:	
PENNSYLVANIA INC., FOR FCC	:	DOCKET NO. M-00001435
AUTHORIZATION TO PROVIDE IN-	:	
REGION, INTERLATA SERVICE IN	:	
PENNSYLVANIA	:	

DECLARATION OF ANGELA OLIVER

**ON BEHALF OF
THE UNITED TELEPHONE COMPANY OF PENNSYLVANIA AND SPRINT
COMMUNICATIONS COMPANY, L.P.**

1. My name is Angela Oliver, I am employed on behalf of Sprint Communications Company L.P. as Regulatory Manager in the Regulatory Access Planning Department. My business address is 7171 West 95th Street, Overland Park, Kansas, 66212.
2. I received a Bachelors Degree in Economics from Sangamon State University in 1994 and a Masters Degree in Economics from the University of Illinois in 1996. Prior to joining Sprint, I was employed from 1996 through 1999 by McLeod USA, where I held positions of increasing responsibility in both the Law and Regulatory departments. During my tenure with McLeod, I was responsible for the company's regulatory compliance in Illinois, Wisconsin, and Indiana. Prior to my employment with McLeod, I was employed as an economic analyst with the Telecommunications Division of the Illinois Commerce Commission from 1994 to 1996.
3. My responsibilities as Regulatory Manager in the Regulatory Access Planning Department require me to represent Sprint's interest before state and

federal regulatory commission regarding access and interconnection issues and to negotiate pricing and rate structures with Local Exchange Carriers (LECs).

4. The purpose of my declaration is to set forth three specific issues related to two-way trunking. First, I shall address Verizon's obligation to provide two-way trunking to Sprint upon request. Second, I will address the problems experienced by Sprint when Verizon insists on using one-way trunks. Lastly, I will address the efficiencies gained by using two-way trunking.

5. Verizon should provide two-way trunking upon Sprint's request, subject only to technical feasibility. The FCC requires ILECs to provide two-way trunks if requested by a new entrant. 47 CFR 51.305 (f) states, "If technically feasible, an incumbent LEC shall provide two-way trunking upon request." The provision of two-way trunking should not be subject to whether Verizon agrees to provide such trunking. The FCC recognized the benefits of two-way trunking by ordering ILECs to make it available upon a CLEC's request (First Report and Order, CC Docket 96-98 (issued August 8, 1996)("Local Competition Order") at Paragraph 219). Verizon's obligation to provide two-way trunking is clearly outlined in Paragraph 219 of the Local Competition Order. The paragraph reads as follows:

We identify below specific terms and conditions for Interconnection in discussing physical or virtual Collocation (i.e., two methods of interconnection). We conclude here, however, that where a carrier requesting interconnection pursuant to section 251(c)(2) does not carry a sufficient amount of traffic to justify separate one-way trunks, an incumbent LEC must accommodate two-way trunking upon request where technically feasible. Refusing to provide two-way trunking would raise costs for new entrants and create a barrier to entry. Thus, we conclude that if two-way trunking is technically feasible, it would not be just,

reasonable, and nondiscriminatory for the incumbent LEC to refuse to provide it.

6. Currently, Sprint is interconnecting with Verizon in Pennsylvania over one-way trunks. Sprint has been compelled by Verizon to order one-way trunks in order to terminate local traffic to Verizon; likewise, under Verizon's existing system, Verizon orders one-way trunks to terminate local traffic to Sprint.

However, Verizon does not have processes in place to provision DS3, T1, and trunks to Sprint. Sprint must utilize its resources and incur expenses to order a trunk for Verizon. Thus, Sprint has been ordering one-way trunks for Verizon to terminate local traffic to Sprint in order to complete the interconnection.

7. In this regard, Sprint has had to manually undertake the ordering of trunks for Verizon. These measures are outside Sprint's normal ordering processes and obligations as a Verizon wholesale customer. As a result, in addition to the unnecessary expenditure of resources and effort to effectuate an interconnection arrangement with Verizon, Sprint has experienced additional delays beyond the ordinary processing time needed to complete a specific interconnection arrangement. Sprint does not have a process in place to recoup these costs from Verizon.

8. For Verizon to order the DS3 and trunks, they have been using a manual process of providing a spreadsheet to Sprint. Most of the information contained in the spreadsheet is incorrect. For example, instead of using the ACTL for the Sprint POP, Verizon uses Sprint's ACTL. When Verizon uses the correct ACTL, it is not loaded into the Verizon systems, causing unnecessary re-work for Sprint.

9. If Verizon allowed efficient interconnection via two-way trunks, the needless costs and delays associated with the existing situation would be reduced or, perhaps, eliminated. Sprint prefers the use of two-way trunks. One-way trunks are an inefficient means of utilizing network facilities. Two-way trunking is more efficient than one-way trunks. In other words, the total call-carrying capacity of two one-way trunks (i.e., one in each direction) is less than the call-carrying capacity of a single two-way trunk group with the same total number of trunks. A two-way trunk group provides the maximum flexibility to carry a call placed in either direction. Splitting a two-way trunk group of a particular size into two one-way trunk groups causes loss of flexibility, and hence loss of efficiency of the total number of trunks creating a penalty in the number of switch ports needed to accommodate the one-way trunk groups. While the costs for switch ports may be minimal for a large carrier such as Verizon, they are expensive for CLECs, such as Sprint, and should be considered a barrier to entry.

10. Verizon, however, refuses to authorize or allow two-way trunks in Pennsylvania. Verizon's stance in Pennsylvania has never been supported by any rational reason. Verizon has refused to deal and negotiate on this issue.

11. Verizon's position to deny Sprint the use of two-way trunks is also inconsistent with Sprint's experience in other jurisdictions. Sprint has interconnected with Verizon's counterpart affiliate in both New York and Massachusetts using 2-way trunks.

Declaration of Angela Oliver, Sprint

I verify and aver that the foregoing is true and correct to the best of my knowledge, information and belief, subject to the penalties of 18 Pa. C.S. § 4904.

/s/Angela Oliver
Angela Oliver

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

CONSULTATIVE REPORT ON	:	
APPLICATION OF VERIZON	:	
PENNSYLVANIA INC., FOR FCC	:	DOCKET NO. M-00001435
AUTHORIZATION TO PROVIDE IN-	:	
REGION, INTERLATA SERVICE IN	:	
PENNSYLVANIA	:	

DECLARATION OF DR. DAVID T. REARDEN

**ON BEHALF OF
THE UNITED TELEPHONE COMPANY OF PENNSYLVANIA AND SPRINT
COMMUNICATIONS COMPANY, L.P.**

Introduction and qualifications.

1. My name is Dr. David T. Rearden. I am employed by Sprint/United Management Company ("Sprint") as a Manager of Regulatory Policy. My business address is 8140 Ward Parkway, Kansas City, Missouri 64114.

2. I received a Ph.D. in economics from the University of Kansas in 1991 with fields of specialization in microeconomics and econometrics and a Bachelor of Arts degree in economics and history from Eastern Illinois University in 1982.

3. I began working for Sprint in January of 1998. Beginning in June of 1994, I was employed on the Staff in the Utilities Division of the Kansas Corporation Commission. During my tenure there, I participated in several telecommunications proceedings before the Kansas Commission. In the summer of 1996, I was promoted to Chief of the Rate Design Section and Managing Telecommunications Economist, where I supervised tariff analysts. Before working at the Commission, I taught economics for two years at the University of Kansas, and I also taught economics for two years at Cleveland State University.

Subjects taught included microeconomics, mathematical economics, public finance, and econometrics.

4. My current responsibilities include the development and advocacy of Sprint's regulatory policy on a wide range of issues including local market entry, costing and pricing of unbundled network elements ("UNEs"), universal service, access charges, anti-competitive pricing of interexchange services and Section 271 applications. I have filed testimony and affidavits before the public utility Commissions in the states of California, Florida, Georgia, Kansas, Kentucky, Maryland, Nebraska, New York, North Carolina, Tennessee, Vermont, Wisconsin and Wyoming and before the Telecommunications Regulatory Board in Puerto Rico. I have written or contributed to numerous sets of comments filed on behalf of Sprint in several states.

Verizon's failure to meet Section 271's fourteen point checklist harms competition, and will continue to harm competition, in both the local market as well as other markets.

5. Entry into interLATA markets is the ultimate incentive for Regional Bell Operating Companies ("RBOCs") to cooperate in making their networks available to retail competitors at cost-based rates. If Verizon is prematurely granted entry, then we can expect to see the end of any further progress beyond that made to date concerning ease of local market entry. In this scenario, local markets will remain noncompetitive. Further, if Verizon can continue to protect its local markets, it can be expected that competition in other markets will be harmed.

6. Verizon still controls bottleneck assets in Pennsylvania. In particular, the local loop remains a bottleneck, and so Verizon has market power in the local

market absent full, wholehearted compliance with the competitive checklist. For example, as noted in the Declaration of Gerald Flurer, Verizon refuses to resell vertical services to a competitive telecommunications company unless that company also leases the local loop. As noted in the Declaration of Rebecca Thompson, Sprint has experienced problems with collocation and with Verizon's ordering processes. These endless incremental restrictions that Verizon imposes upon competing providers enable Verizon to continue to control – and thereby deter – the timing and the manner of a competitive carrier's market entry. These endless restrictions also give Verizon the incentive to price its services above cost.

7. Further, since Verizon controls the terms of interconnection to its network, it can then leverage that market power into integrated and other innovative markets, hurting competition in those markets absent fully satisfying the fourteen point checklist. Sprint's own ION, for example, is dependent on access to Verizon's Digital Subscriber Line ("DSL") capable loops. Unless Sprint can efficiently provision DSL to its customers, it is unable to bring ION to Verizon's markets. See Declaration of Rebecca Thompson.

8. Local market entry is hampered at every turn by the actions of Verizon, as noted in the other Declarations submitted by Sprint. Despite competitive products and the support systems needed to provide service, Competitive Local Exchange Carriers ("CLECs") still have trouble convincing Verizon to provide access to its network at cost-based rates. It is undoubtedly true that part of the difficulty with interconnection between two local exchange companies is due to

developing automated methods of pre-ordering, ordering and billing. But we have reached the five-year anniversary of Telecommunications Act of 1996. It is not February, 1998, nor is it February, 2000. There has been ample time to develop the wherewithal and the capabilities to address these practical difficulties. However, the problem is not with the CLECs' products and pricing nor with the policy makers lack of effort; the problem is in the obfuscatory ways in which Verizon approaches actual implementation of the competitive checklist.

9. For example, Verizon claims that robust entry has already occurred in Pennsylvania, and a grant of Section 271 authority will increase entry into local markets. Initially, I note that those two statements are somewhat contradictory: if entry is robust, then it is unclear how a grant of Section 271 authority is necessary to spur greater entry. Moreover, Verizon provides no showing that this entry has induced it to lower margins on any of its retail services.

10. These two statements together erroneously presume that either CLECs are irrational, or they are strategically forgoing profits in order to delay Verizon's long-distance entry. The first assumption is absurd from an economic perspective. The latter reasoning assumes that, if the market is as irreversibly open as Verizon asserts, CLECs are forgoing significant profits in the local telecommunications market. However, this proposition is difficult to reconcile with the reality of a still largely monopolistic local market in Verizon's service territory. The local market is difficult to enter, and that is why CLECs have not fully entered the local telecommunications market.

11. One of the best indications of a competitive market is that it forces margins closer to levels that just keep a firm in business. Verizon's 271 filing in Pennsylvania never asked this critical question, and therefore, Verizon has presented no evidence that it has reduced margins on its services in either New York or Pennsylvania or elsewhere. While market share provides information on the success some firms may have had winning customers, it does not directly measure market power. Verizon has asked the wrong questions (e.g., access lines and the aggregate number of CLECs certificated in Pennsylvania), and so its claims of an open local market are virtually meaningless. Verizon's references to results in New York and in other jurisdictions may not be sustainable in the long run and, as such, may not have relevance or import to the regulator in Pennsylvania. Once Section 271 authority is achieved by the RBOC, it has little immediate incentive to cooperate further in lowering market entry barriers. Therefore, there is little prospect that the existing barriers to entry posed by Verizon's actions will be alleviated. In this vein, the grant of 271 entry should not be viewed as a starting gate to further entry, as Verizon has claimed, but simply the last chance to reduce barriers to entry. There may be a spurt of local market entry post-271 approval, as CLECs scurry to move forward, since they lose the most meaningful chance to improve the conditions under which they can access Verizon's network. Thus, the Commission must balance the immediate potential for lowered prices, in the short term, with the delayed greater gains possible as a result of ensuring at this juncture that Verizon has provided nondiscriminatory access to its network. In particular, it must be from a forward-

looking standpoint of the products and services that the CLEC can offer to the consuming public (assuming technological feasibility). Verizon's corporate posture has been, on the other hand, to limit what may or may not be subject to "MFN" provisions in its interconnection arrangements. Such narrow and legalistic interpretations of statute are solely designed to impede market entry by the CLEC.

12. Some carriers will make sufficient profits with resale to entice them to remain in the market. But resale has little ability, by itself, to seriously erode Verizon's market power. Sprint, in contrast, has withdrawn from the resale market as a mass market strategy in Georgia, California and New York. By its nature, pure resale¹ is unlikely to generate either serious pressure on RBOC margins or innovative products. Resale restricts CLECs' provision of services to the ILEC suite of services at a discount off of the ILEC's prices.

13. Facilities-based and UNE strategies are the other forms of entry that CLECs can choose. Neither is without risk. Facilities-based entry requires expensive capital build-outs, with all its inherent risk. Entry using UNEs depends on the sort of cooperation from the ILEC that is the topic of this docket. Further, CLECs all across the country are observed scaling back entry plans (e.g., Covad) and moving into bankruptcy court (e.g., Northpoint). This is occurring just as RBOC 271 filings are being approved. The present state of these events demonstrates just how difficult local market entry is. Unless Verizon is held to task and is first and foremost evaluated upon whether Verizon

has fully and wholeheartedly – rather than minimally and based upon faulty measurements of competition – complied with the checklist, the market most certainly will not be irreversibly open. Verizon has not done so to date. And the evidence of this is the endless incremental problems arising from Verizon's monopolistic-minded behavior. Verizon's entry into the long distance market in Pennsylvania should therefore not be approved.

14. Moreover, Verizon exaggerates the alleged gains from its entry into the long distance market. Since the long distance market is already competitive, Verizon's entry cannot provoke extensive price cuts by itself. Some customers may benefit from a switch to Verizon, but the average revenue per minute of toll is continually decreasing, indicating a robustly competitive market. For example, the FCC and several states have had, or continue to have, processes to investigate the flow-through of access charge reductions. Sprint has always satisfied those concerns. The TRAC data provided by Verizon includes entire bundles of services that are not specified, and so it is unclear what the basis of comparison is. Finally, conditions of entry are relatively easy for long distance markets. The process for switching long distance customers is long-established, efficient and rapid. A long distance firm can target customers and any customers gained become paying customers in a matter of days or hours. In the past, the ILEC was not a competitor, and so it was not an impediment to the marketing and production plans of providers. Therefore, despite years of claims to the

¹ Pure resale is defined as the case when the CLEC purchases all of its offerings at the resale discount.

contrary, the market performance in the long distance has been excellent.

15. In addition, when access rates are above their cost, the potential for anti-competitive pricing by the ILEC in long distance markets exists. As a result, the closed nature of the local market could ultimately reduce welfare in long distance markets. To combat the potential for such anti-competitive behavior once long distance entry is granted to Verizon, the Commission should consider reducing Verizon's access rates to cost.

Conclusion

16. A premature grant of authority is likely to delay further opening of the local markets. This setback is costly since local markets would remain largely monopolistic, or would, at a minimum, leave the incumbent with too much market power.

17. Delay in granting 271 authority improves economic welfare at this time. This is because large gains in local markets can occur as result of first ensuring that Verizon has complied with 271's competitive checklist. And, competitive long distance markets imply that only relatively small potential gains in long distance markets are forgone.

18. If Verizon is granted Section 271 authority in Pennsylvania now, the substantial incentives that Section 271 provides to improve the competitiveness of local markets are no longer available. Despite the post-Section 271 oversight of this Commission and the FCC, it is practically very difficult to oversee markets after entry has already been granted. Any problems that can be detected are difficult to correct after the fact. Post entry oversight is much less effective in

guarding against anti-competitive behavior than pre-entry decisions to encourage entry. It is thus much more important to establish correct conditions of entry into the local market, than to rely on supervision after entry.

19. The Pennsylvania Commission should deny Verizon's 271 application at this time. The Commission must force Verizon to rigorously comply with the competitive checklist. Sprint's specific concerns are detailed elsewhere in these comments and the supporting declarations. It is imperative that the Commission ensures that Verizon complies with all such pre-existing conditions, as set forth in this Commission's Global Order.

20. In this regard, prior to any recommendation to give Verizon 271 approval, the Pennsylvania Commission should consider reducing Verizon's access rates to cost in order to restrict Verizon's ability to price toll anti-competitively.

Verizon's unique dominance in the local exchange market in its territory, and its likely of continuation given Verizon's exertion of market power in a post-271 context, requires such a measure.

Declaration of Dr. David T. Rearden, Sprint

I verify and aver that the foregoing is true and correct to the best of my knowledge, information and belief, subject to the penalties of 18 Pa. C.S. § 4904.

/s/David T. Rearden

David T. Rearden

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

CONSULTATIVE REPORT ON	:
APPLICATION OF VERIZON	:
PENNSYLVANIA INC., FOR FCC	:DOCKET NO. M-00001435
AUTHORIZATION TO PROVIDE IN-	:
REGION, INTERLATA SERVICE IN	:
PENNSYLVANIA	:

DECLARATION OF REBECCA THOMPSON

**ON BEHALF OF
THE UNITED TELEPHONE COMPANY OF PENNSYLVANIA AND SPRINT
COMMUNICATIONS COMPANY, L.P.**

1. My name is Rebecca M. Thompson. My business address is 6363 College Boulevard, Overland Park, Kansas 66211. I am employed by Sprint Communications Company, L.P. as Manager, Competitive Operations for competitive local exchange carrier ("CLEC") access into the incumbent local exchange network.
2. I earned a Bachelor of Science degree in Business Economics from Florida A&M University in April, 1997. I have worked in the telecommunications industry with Sprint and its affiliates for over 7 years. My telecommunications experience has ranged from preparing reports, analyzing data and performing regression analysis, to managing the process and production of regional and national operations service results, and my current responsibilities.
3. In my current position, I represent Sprint's interests on collocation and other competitive issues before State Commissions and provide input on comments submitted on behalf of Sprint to the FCC. I have also assisted in the